

# CHAPTER 4

## Evaluating Income, Resources, and Citizenship for SSI



This chapter outlines SSA's income and resource criteria and explains the SSA's approach to evaluating financial eligibility for the SSI program. Financial eligibility is determined before disability determination. The balance of the chapter covers other details of eligibility, including how immigration status may affect eligibility for benefits. 🌿

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### Why is financial eligibility determination necessary?

SSI was established as a benefit program for aged, blind, and disabled people determined to have *low income* and *very limited resources*. Financial eligibility criteria for the program has been set by statute. SSA has rules and policies for evaluating an applicant's financial status to ensure that he or she meets the income and resource standards before determining whether the applicant meets disability standards. This chapter outlines the criteria established for determining income and resource eligibility.

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### What are the income guidelines for SSI?

To be income eligible for SSI, an individual's monthly countable income must be lower than the Federal SSI benefit payment rate.

Income is defined as cash and in-kind services available to an applicant that can help to obtain food or shelter.

SSA requires that information on both earned and unearned income be provided when evaluating an applicant's income eligibility. However, some income may be excluded during the determination process. Excluded income is mandated by law. Since exclusions reduce the individual's income, they increase the chances of receiving benefits. Exclusions also may result in applicants receiving higher monthly payments. Different exclusions exist for earned and unearned income. To encourage work, SSA excludes more earned income than unearned income.

Among the types of excluded income at the time of this writing are: a \$65 monthly *earned income exclusion*; earned income tax credit refunds; work expenses for people who are blind; and impairment-related work

## How SSA Determines Countable Income

Countable income (based on the number of paydays per month) is determined as follows:

- The first \$65 of earned income is deducted (pre-tax gross wages or net self-employment income) as part of the earned income disregard.
- If there is unearned income, \$20 can be deducted from the total amount of unearned income; if there is no unearned income, an additional \$20 is deducted from earned income.
- Then, half of whatever earned income remains is not counted.

So, a recipient receiving \$579 per month in SSI payments who takes a job and earns \$605 per month will have his payment calculated as follows:

- First, the earned and unearned disregards are applied. This totals \$85.
- The \$85 is subtracted from the \$605 he earned, leaving \$520.
- The remaining \$520 is divided in half, leaving \$260 of countable income.
- The countable income is subtracted from the maximum monthly SSI payment of \$579, leaving \$319.
- So, the recipient is eligible to continue receiving \$319 in SSI, while receiving \$605 in work income, for a total of \$924.

expenses (IRWE), costs related to items and services medically necessary to work.

Unearned income is any income not earned through paid employment or self-employment. Examples may include:

- Alimony;
- Child support;
- Dividends on savings or stocks;
- Rental income;
- VA benefits;
- Pensions;
- Workers' Compensation;
- Unemployment;

- Retirement benefits;
- Lottery winnings; and
- Insurance proceeds.

Unearned income that may be excluded when determining SSI eligibility includes:

- The first \$20 of unearned income per month (if not already deducted in other earned or unearned income);
- Federal housing assistance such as Section 8 or public housing;
- State crime victims payments;
- The value of domestic transportation tickets received as gifts and not converted to cash;

## Having Countable Income and Receiving SSI

If an individual's countable monthly income (earned and unearned) is less than the monthly SSI Federal payment rate plus any applicable Optional State Supplement payment, he or she is income eligible for SSI. If the individual meets all other factors of eligibility, the payment is the difference between the countable monthly income and the monthly Federal benefit payment rate.

In 2005 the payment rate is \$579. Thus, if a person's countable income is \$0, the SSI benefit will be \$579; if countable income is \$100, the SSI benefit will be \$479.

If excess countable income is reported at the time of application, the application will be denied without a disability determination being made. This is because the applicant immediately is considered income ineligible.

- Disaster assistance;
- Some foster care payments;
- Tax refunds; and
- Grants or scholarships for educational expenses.

Once countable earned and unearned income is identified and documented, it is combined and compared to the monthly SSI payment amount. An individual is eligible for SSI if he or she has a countable income less than the Federal Benefit Rate (FBR), which normally increases annually due to a cost of living adjustment. In 2005, the maximum SSI FBR for a single individual is \$579 per month.<sup>1</sup> If both spouses meet the eligibility criteria, the maximum payment rate for a couple is \$869. An individual or a couple with *countable* monthly income above these amounts is ineligible for SSI; however, Medicaid eligibility sometimes continues under certain work-related incentive provisions.

Many people receive food or shelter from friends or family members to make ends meet while going through the SSI application process. They intend to pay the borrowed funds back either when they are approved for SSI and receive a retroactive benefit check or, if they are able to work or are eligible for some other form of benefits, as soon as they can. When this situation exists, case managers should help applicants get a letter clearly stating that they have accepted a loan that will be repaid. Applicants also should write a brief letter to the lender stating that they agree to repay the loan. The letter should be signed, dated, and copied, with the original given to the lender. Since the loan is not counted as income when this occurs, an applicant approved for SSI who receives retroactive benefits will not have those benefits reduced. This is discussed further in Chapter 8.

<sup>1</sup> The 2005 SSI amounts can be viewed on the SSA Web site at [www.socialsecurity.gov/pressoffice/factsheets/colafacts2005.htm](http://www.socialsecurity.gov/pressoffice/factsheets/colafacts2005.htm).

### **Unstated income**

Unstated income is income that, while not reported or otherwise known to SSA, is determined to exist because an applicant's living expenses exceed income from known sources. Whenever information obtained from statements of the applicant or third parties creates questions as to how living expenses are being met, SSA will look for the presence of unstated income. If insufficient or conflicting evidence exists, the applicant will be questioned about possible unstated income. Ultimately, the amount of unstated income charged is the difference between stated (or known) monthly income and monthly living expenses.

While discrepancy between income and living expenses may indicate unstated income, valid explanations for discrepancies do exist. Careful interviewing can help a case manager ascertain if the person is receiving help from a local church, food bank, community service center, or other sources. If the case manager solicits such information, he or she should assist the applicant in obtaining a letter to that effect.

### **In-kind income**

In-kind income is counted as income for SSI purposes if it provides food or shelter directly to the SSI recipient or pays a provider of food or shelter (e.g., payment to the recipient's

#### **An Example of Unstated Income**

An applicant claims to receive \$50 per week in unemployment, but he pays monthly rent of \$450. He is unable to explain where he gets the money to make up the difference. The difference between the \$200 he receives in pay (4 weeks per month multiplied by \$50) and the \$450 rent, or \$250, will be counted as unstated income. This is the sum that will be used when determining his SSI payment amount.

Common situations that may suggest the presence of unstated income include:

- Stated income is insufficient to pay costs associated with resources owned (e.g., gas, maintenance, insurance and licensing of an automobile);
- Stated income is insufficient to provide for known living expenses; or
- The applicant claims no income and does not live in a setting, such as a public institution or the household of another, in which food and shelter are provided.

landlord). However, as of March 9, 2005, clothing, generally, is no longer counted as income, in-kind support or maintenance. In-kind services that do not provide food or shelter are excluded from income (e.g., third-party payment for a phone bill).

For example, many people who otherwise might be living in shelters or on the street live instead with a friend or family member. Under those circumstances, friends or family often understate the amount of rent owed. However, discounting rent ultimately means

that the individual is paying less to live in the space than a stranger would. The value of this discount is considered in-kind income to the applicant and may result in the applicant having his or her retroactive SSI benefits reduced by up to one-third.

Suppose, however, that the person seeks a higher rent from the applicant—one more in keeping with the fair-market value of the property—but realizes that the applicant currently has no money to pay for it. The renter (e.g., friend, family, landlord) can consider such support a loan to be repaid when the applicant receives his or her SSI benefits. If the renter writes up an agreement, indicating the rent payment is a loan and it is the amount charged to any such tenant, the applicant may be eligible for the full SSI benefit. The applicant then repays these loans when his or her retroactive benefit check is received.

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## What is deeming? How does it affect eligibility?

Under certain circumstances, income and resources from another person are counted as available to an SSI applicant. This is called *deeming*. Income may be deemed from an SSI ineligible spouse, an ineligible parent of a minor child, or the sponsor of an alien.<sup>2</sup> Deeming is required on the grounds that these persons have a legal obligation to contribute to the support of the person applying for SSI.

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## What are SSI resource guidelines?

In addition to income criteria, an applicant must meet SSA's resource test. Resources are the goods an applicant owns that have monetary value. These include savings and possessions. Just as in the income section, certain types of resources are counted toward resource limits, and certain types of resources are excluded. The SSI resource limit is \$2,000 for an individual and \$3,000 for a couple.

*Countable resources* include:

- Bank accounts—individual or joint. If an applicant has funds in an individual bank account and can withdraw and use those funds at will, the account balance will count as a resource. If an applicant has a joint account with someone, SSA also will presume the applicant has access to all the funds in the account. If the applicant does not have access to the money, he or she needs to provide evidence documenting who owns the funds.
- Stocks, bonds, investments, savings.
- Real property (housing/land). The house in which one lives can be excluded (explained below).
- Life insurance with a face value over \$1,500. (Cash surrender value is the amount one could get for the policy if it were returned to the company, not the face value, which is the amount of insurance.)
- Vehicles. One may be excluded (explained below).

<sup>2</sup> SSA rules governing sponsor deeming are complicated and beyond the scope of this manual. If a case manager is in a situation where these rules may apply, he or she should contact a legal services or immigration attorney for advice.

Many resources are excluded in part or entirely from the calculation of resources:

### ***Burial plots/spaces***

A burial space/plot for an applicant and his or her immediate family are excluded. This has no effect on the burial funds exclusion.

### ***Burial funds***

Up to \$1,500 of burial funds are excluded, unless the funds are set aside in an irrevocable burial fund. The difference of the excludable amount (\$1,500) and the burial fund may count toward the resource limit of \$2,000 for an individual and \$3,000 for a couple.

### ***Housing***

If an applicant owns a home and makes that home his or her principal place of residence, the value of the home does not count as a resource. While this manual is intended to assist people who are homeless, this provision is worth noting in the event that an applicant is in danger of becoming homeless due to foreclosure, or is considered homeless because he or she lives in a place generally considered uninhabitable. Also, occasionally, applicants may inherit or otherwise acquire a home while being considered for, or already qualified for, SSI. In all of these cases, the value of the home is excluded as a resource as long as the home is or becomes the applicant's principal place of residence.

The value of housing assistance (public housing, Section 8, etc.) also is excluded. Thus, helping an applicant who is homeless move into subsidized housing will not result in a reduction of benefits. Note that under

HUD rules, a SSDI or SSI recipient receiving Federal housing assistance such as public housing or Section 8 will pay 30 % of that income in rent.

### ***Household goods and personal effects***

As of March 9, 2005, the exclusion of household goods and personal effects from countable resources is no longer limited to a designated dollar amount (e.g., \$2,000 for individuals or \$3,000 for couples). Instead, household goods are excluded from countable resources, if they are items of personal property, found in, or near a home, that are used on a regular basis, or items needed by the householder for maintenance, use and occupancy of the premises as a home. Personal effects are excluded from countable resources if they are items of personal property that ordinarily are worn or carried by the individual, or are articles that otherwise have an intimate relation to the individual.

### ***Automobiles***

One automobile is fully excluded from resources if it is used for transportation of the individual or a member of the individual's family. In a change of regulations, effective March 9, 2005, applicants no longer need to document that the vehicle will be used for certain specified purposes (e.g., medical treatment or essential daily activities). Further, any value of the vehicle in excess of \$4,500 will no longer be counted against the resource limit.

### ***Earned income tax credits***

All earned income tax credits (EITC) payments are excluded until the end of the



month following the month of receipt. That means if an EITC payment were received in January, it would not be counted until the beginning of March. If a person received an EITC payment that put his or her countable resources over the limit, he or she would not be disqualified from applying for SSI until the end of the month following the month in which the EITC payment was received. However, the applicant would have until the beginning of the second month to spend enough of the money to get below the limit.

### **Other compensation**

Additionally, resource exclusions may include:

- Crime victims' compensation payments. Such payments are excluded from resource calculations for up to nine months after they are received.
- Life insurance. If the total face value of all the claimant's life insurance is below \$1,500, the insurance is totally excluded. However, if the face value exceeds \$1,500, the cash surrender value of the life insurance becomes a countable resource. Cash surrender value is the amount of money the claimant would receive if he or she cancelled the life insurance policy; it is not the amount of life insurance that the claimant has. The cash surrender value of a life insurance policy typically is much lower than the amount of insurance for which the policy is written. For example, a \$100,000 life insurance policy might have a cash surrender value of only \$1,000.
- Disaster assistance. In the event of a disaster for which compensation was received, a person will not lose

SSI eligibility. This provision covers assistance provided by Federal, State, or local governments, as well as disaster assistance organizations.

Resources will be verified in different ways. Bank accounts can be verified with an up-to-date statement of the account balance. The value of a car that does not qualify as an excluded resource can be verified by providing the National Automobile Dealers Association (NADA) value. Along with the NADA value, an applicant can submit a statement from a mechanic that a particular car has problems that cause it to be worth less than the listed value. Valuation of other resources may require different documentation.

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### **Can excess resources be transferred?**

Case managers must be familiar with SSA rules regarding the transfer of resources. Applicants, or people who assist them, often assume that if they have too many resources to qualify for SSI, they can transfer the resources to someone else to become eligible. This is usually incorrect. Individuals who transfer non-excluded resources for less than fair market value, for the purpose of establishing SSI or Medicaid eligibility, will be penalized with a period of ineligibility for SSI, not to exceed 36 months.<sup>3</sup> Several important points must be understood about this rule.

<sup>3</sup> Certain uncompensated transfers of resources may not result in a penalty, if the resources are transferred to a spouse or child.

### **Establishing the Period of Ineligibility**

Suppose an individual has a bank account containing \$2,337 and lives in a state in which the monthly SSI supplement is \$200. The individual gives the entire bank balance to another person and receives no compensation.

To determine how long this person will be ineligible, SSA divides the \$2,337 by the total of the monthly Federal Benefit Rate (\$579 in 2005) plus the State supplement (\$200). Thus, \$2,337 divided by \$779 (\$579 + 200) is 3. This means that, due to the resource transfer, the individual will be ineligible for three months of benefits.

### ***Evaluation of transfers of resources***

For SSA, the question regarding transfer of resources is whether the transfer occurred specifically to obtain eligibility for SSI. A transfer penalty only applies to non-excluded resources.

For example, consider an applicant who owns a car valued at \$6,000. He or she transfers the \$6,000 car when a family member offers one worth \$10,000 that is in better condition. In this situation, the extra value does not count as a resource since owning one car used for transportation of the individual or a family member is not counted as a resource.

However, suppose another applicant had two cars, one worth \$10,000 and another one, worth \$6,000. If he or she transferred the \$6,000 car, SSA would investigate the time of transfer and make a determination whether it was for the purpose of obtaining SSI. In this second case, a transfer penalty might be applied.

### ***Transfers for fair market value are allowed***

Transfers are allowed if they are either to a spouse or for fair market value. This

means that applicants legitimately can spend resources or transfer non-excluded resources in exchange for excluded resources as long as the resources are for him– or herself.

For example, if a single applicant received a cash award of \$3,000, he or she would be over the resource limit. However, by pre-paying rent for an apartment or by purchasing a \$3,000 car, the individual could spend funds to drop below the \$2,000 resource limit. The individual then would qualify for SSI. It is important for case managers and applicants to think through these situations. This allows people to make the most of the resources available to them, while remaining eligible for SSI.

If someone mistakenly made a resource transfer for less than fair market value, the situation can be remedied. If an improperly transferred resource is returned to the individual who transferred it, transfer penalties will be removed. Of course, the applicant then may exceed the resource limit. However, given resource exclusions and the ability to receive fair market value for resource transfers, the applicant will have the



opportunity to make a legitimate transfer and preserve eligibility.

### ***Transfers cannot be made for the purpose of establishing eligibility***

Transferring resources does not always make an applicant ineligible for SSI. Transferring resources solely for the purpose of qualifying for SSI is what affects an applicant's eligibility. If the resource transfer was made for another purpose, it does not necessarily affect eligibility. Case managers can help applicants by documenting when resource transfers were not made for the purpose of applying for SSI.

For example, suppose an employed person transfers \$3,000 to help a friend. At the time of the transfer, the person lending the money has no idea that she might become disabled and consequently has no intent of applying for SSI. If, nine months later, the lender has an unexpected accident and becomes unable to continue working, the transfer of the \$3,000 will not affect her SSI application.

### ***Improperly transferred resources can result in ineligibility.***

Only transfers made within the past 36 months are subject to review. If someone is found by SSA to have made an improper resource transfer, he or she will be ineligible for SSI for a period of up to 36 months.

To calculate the number of months the applicant will be ineligible, SSA adds the monthly Federal Benefit Rate and the amount of any State supplement, and then divides

the sum by the uncompensated value of the transferred resource(s).<sup>4</sup> The sum of the calculation is rounded to the nearest whole number. This is the number of months for which the applicant or recipient is ineligible. (See Establishing the Period of Ineligibility on the preceding page.)

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## **How does immigration status affect SSI eligibility?**

All United States citizens are eligible for SSI as long as they meet the income, age, and disability standards. Conversely, any alien not legally in the U.S. is not eligible to receive SSI. While all legal aliens used to be considered eligible for SSI, the rules changed on August 22, 1996; today, only some legal aliens are SSI eligible.

Large numbers of aliens live in some states, such as New York, Florida, California, and Texas. More detailed immigration information can be found at the USCIS Web site at [www.uscis.gov](http://www.uscis.gov).

SSA refers to non-citizen immigrants as "aliens." A "qualified alien" is an alien whose immigration status makes him or her eligible for SSI under current rules. To receive SSI, a "qualified alien" (or a person in one of the miscellaneous categories of eligible aliens) must be elderly, blind, or disabled, and meet all other SSI eligibility requirements. An applicant also must satisfy two additional tests to be considered a qualified eligible alien. For additional information about qualifying criteria, see Appendix A.

<sup>4</sup> Uncompensated value means the difference between the value of the resource and the amount for which it was transferred. This could be the full value of the resource, but it may also be only a portion of the value of the resource if the applicant received some payment, but less than fair market value.



*If a case manager is unsure of a person's immigration status, but is sure that the individual is legally in the U.S., it is appropriate to send the individual to SSA to apply for SSI.*

It is beyond the scope of this document to explain how to determine which of these categories, if any, a particular applicant fits into. This document does, however, provide general advice for case managers trying to determine the immigration status of an applicant.

First, case managers should ask for copies of all immigration documents from the applicant. Such documents might include the I-94, a card that the USCIS gives to people when they arrive at a U.S. port of entry. Case managers also should request a copy of a valid passport or other valid U.S. immigration document, such as the temporary resident card or an employment authorization of alien resident card, received by aliens once lawfully admitted for permanent residence (LAPR). The alien card may contain important information about the person's immigration status at the time he or she entered the U.S., along with the date LAPR status was granted. Case managers should review the documents closely with the applicant to best determine his or her immigration status.

If a case manager is unsure of a person's immigration status, but is sure that the individual is legally in the U.S., it is appropriate to send the individual to SSA to apply for SSI. If the application is later denied due to immigration status, case managers can consult with an expert in immigration law to determine if the status was evaluated accurately.

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## Summary

The SSI program was created to provide financial support to low income elderly and disabled individuals. SSA has developed protocols to determine that individual applicants meet the criteria established by law. This chapter summarized the income and resource criteria with which case managers should be familiar, and some of the strategies that case managers can adopt to help the persons they are assisting organize their affairs and document their income and resources in a manner that is consistent with SSA requirements. Following these guidelines should ensure that applicants receive correct eligibility determinations in a timely manner.